

## **MINUTES**

### **MONTANA HOUSE OF REPRESENTATIVES 57th LEGISLATURE - REGULAR SESSION JOINT APPROPRIATIONS SUBCOMMITTEE ON HEALTH & HUMAN SERVICES**

**Call to Order:** By **CHAIRMAN DAVE LEWIS**, on February 5, 2001 at 8:00 A.M., in Room 152 Capitol.

#### **ROLL CALL**

**Members Present:**

Rep. Dave Lewis, Chairman (R)  
Sen. John Cobb, Vice Chairman (R)  
Rep. Edith Clark (R)  
Rep. Joey Jayne (D)  
Sen. Bob Keenan (R)  
Sen. Mignon Waterman (D)

**Members Excused:** None.

**Members Absent:** None.

**Staff Present:** Robert V. Andersen, OBPP  
Pat Gervais, Legislative Branch  
Lois Steinbeck, Legislative Branch  
Sydney Taber, Committee Secretary  
Connie Welsh, OBPP

**Please Note:** These are summary minutes. Testimony and discussion are paraphrased and condensed.

**Committee Business Summary:**

Hearing(s) & Date(s) Posted: Overview of Community and Human Services  
Executive Action: Executive Action on Child and Family Services

**{Tape : 1; Side : A; Approx. Time Counter : .5 - 14.6}**

**Pat Gervais, Legislative Fiscal Division**, reviewed several handouts including: 1) a blue sheet with the decision packages as they are now **EXHIBIT(jhh29a01)**, and 2) two light pink sheets with additional decision packages **EXHIBIT(jhh29a02)**, and the decision packages as currently included in the Martz budget **EXHIBIT(jhh29a03)**. She suggested using the blue sheet for executive action.

**{Tape : 1; Side : A; Approx. Time Counter : 7.6-14.5}**

In response to questions from **SEN. WATERMAN** regarding the LFD issue on Chaffee foster care independence program, **Ms. Gervais** explained that the Chaffee Foster Care Independence Act changed the amount of Title IV-E Independent Living funds that the state will receive. It also included changes regarding the potential for Medicaid coverage for youth ages 18 to 20 who have left foster care. The new federal allotment for Montana is estimated to be \$500,000 per year. The base budget includes \$215,000 of IV-E Independent Living funds.

She explained that a budget amendment cannot be approved if the entity requesting additional funding knew of the availability of funds and could have presented a request for funds to the appropriation subcommittee, House Appropriation Committee or Senate Finance and Claims according to 17-17-402 of Montana Annotated Code (MCA).

**Ms. Gervais** further explained that the Chaffee Foster Care Independence Act expanded the IV-E Independent Living funds to include education, job training, transitional housing, vocational training, job placement, substance abuse prevention, and preventative health measures and increased the allotment to states. The Department may wish to explain why a decision package was not included. The Committee may wish to adopt a decision package which adds the difference between the \$215,000 in the base, and the \$500,000 anticipated annual grant to the Division budget.

**SEN. WATERMAN** asked what such a proposal would require in state match and whether there were statutory changes that would allow them to use these funds. **Mr. Hunter** responded that no statutory change would be necessary to provide the funds. There was a request with the original EPP list of items, \$100,000 in general fund and \$500,000 in federal authority which did not make the final cut. The Subcommittee requested that **Ms. Gervais** work with the Department to identify potential sources of matching funds.

**{Tape : 1; Side : A; Approx. Time Counter : 14.6-45.2}**

**Ms. Gervais** reviewed the budget analysis and LFD issues.

In response to a query from **SEN. WATERMAN** on the bill on the county funding, **Ms. Gervais** stated that there are two bills, one sponsored by **REP. STORY** and one by **SEN. BERRY**. **Ms. Gervais** explained that the in-home services increase was a part of the Child Protective Services (CPS) proposal, DP 139. **Mr. Hunter** went over the amount of in-home services included in the package; there is still \$275,000 of general fund and \$286,000 total funds for the biennium in the request. Family group conferencing,

family resources, visitations services, and central intake are also part of DP 139.

**REP. JAYNE** asked what happened to DP 302. **Ms. Gervais** said that DP 302, \$350,000 general fund per year for CPS Child Care Request was removed from the budget by Governor Martz.

**SEN. WATERMAN** revisited DP 139. The proposal is now \$1 million of general fund over the biennium for all the services, a decrease from \$3.4 million general fund. If the Committee does not adopt NP 139, then there is nothing in the budget for these services.

#### EXECUTIVE ACTION ON CHILD AND FAMILY SERVICES DIVISION

##### PRESENT LAW ADJUSTMENTS:

{Tape : 1; Side : A; Approx. Time Counter : 45.2}

Motion/Vote: **REP. CLARK** moved TO ADOPT THE BASE LEVEL OF FUNDING PLUS THE STATEWIDE PRESENT LAW ADJUSTMENTS TO INCLUDE DP 699 - ADDED VACANCY SAVINGS. Motion carried unanimously.

{Tape : 1; Side : A; Approx. Time Counter : 47.6}

Motion/Vote: **SEN. COBB** moved TO ADOPT DP 39, SUBSIDIZED ADOPTION CASELOAD INCREASE. Motion carried unanimously.

{Tape : 1; Side : A; Approx. Time Counter : 48.2}

Motion/Vote: **SEN. COBB** moved TO ADOPT DP 40, APPROPRIATION FOR FOSTER CARE CASELOAD INCREASE. Motion carried unanimously.

{Tape : 1; Side : A; Approx. Time Counter : 49.1}

Motion/Vote: **SEN. COBB** moved TO ADOPT DP 60, APPROPRIATION FOR LEASED VEHICLES FROM DOT. Motion carried unanimously.

{Tape : 1; Side : B; Approx. Time Counter : 0.7}

Motion/Vote: **SEN. COBB** moved TO ADOPT DP 62, APPROPRIATION FOR FIELD STAFF OPERATIONS. Motion carried unanimously.

{Tape : 1; Side : B; Approx. Time Counter : 1}

Motion: **SEN. COBB** moved TO ADOPT DP 64, APPROPRIATION FOR COMPUTER HARDWARE AS A ONE TIME ONLY APPROPRIATION.

Discussion: In response to **CHAIRMAN LEWIS's** question on the rotation replacement schedule for the division computers, **Ms. Gervais** said that this appropriation would allow the Division to replace half of the equipment each year of the biennium and referred the Committee to the LFD issue in the budget analysis

and outlined two options for legislative consideration. Option one would be to designate this as one time only so that it is not included in the base for the next biennium. The second option would be to fund one quarter of the request and allow it to remain in the base. Over the course of four years, the Department would be able to replace all computers. As requested, the decision package would allow them to replace half per year.

In response to **SEN. WATERMAN, Mr. Hunter** said that there is not a discount for buying in bulk, and that they are purchasing these computers off the state term contract at a fixed rate per unit. Either of the options presented by **Ms. Gervais** would work for the Division.

**Vote:** Motion **carried unanimously.**

***{Tape : 1; Side : B; Approx. Time Counter : 5.9}***

In response to Committee questions, **Ms. Gervais** explained that historically, Big Brothers and Big Sisters has been funded at about \$183,000 or \$184,000 per year. DP 30 would reinstate or maintain the funding at the \$184,000 per year level.

***{Tape : 1; Side : B; Approx. Time Counter : 6.7}***

**Motion/Vote:** **SEN. WATERMAN** moved **TO ADOPT DP 301, APPROPRIATION CORRECTION FOR BIG BROTHERS AND BIG SISTERS. Motion carried unanimously.**

**Ms. Gervais** explained that the new decision package proposed by the Department achieves the end result for funding of the foster care budget that the Department believes is necessary. Included in this request is a funding shift including recognition of third party revenues and the impact it has on other funding sources.

***{Tape : 1; Side : B; Approx. Time Counter : 7.8}***

**Motion:** **SEN. WATERMAN** moved **TO ADOPT THE DP NEW, ADJUST AND SHIFT FOSTER CARE FUNDING.**

**REP. JAYNE** asked for explanation on the new DP. **Dave Thorsen, Operations and Fiscal Bureau Chief,** explained that in the comparison of what was currently in the Executive Budget by fund type for each decision package, there were various places where the Division was short or long. This new decision package has a net impact of zero, but shifts the funding to increase state special funds, increase federal funds, and decrease general fund. Essentially, it balances the rest of the budget.

***{Tape : 1; Side : B; Approx. Time Counter : 10}***

**Vote:** Motion **carried unanimously.**

**{Tape : 1; Side : B; Approx. Time Counter : 10.1}**

In discussion of the new proposal decision packages, **CHAIRMAN LEWIS** stated that he would vote for these now with the understanding that if the Committee and Department do not make some other things work, the Committee may have to revisit. **SEN. COBB** said that he would vote for the packages now, but would make some additions to the packages.

**CHAIRMAN LEWIS** commented that the Department is looking into the intergovernmental transfer issue which would allow the Committee to reduce the general fund proposal in the Martz budget and still give more money to all of the providers. **SEN. COBB** and **SEN. WATERMAN** expressed concerns that if they find some more money through intergovernmental transfers it will be appropriated by other Departments. They want to make sure that the House does not take it from the Department of Public Health and Human Services. **CHAIRMAN LEWIS** remarked that the main concern of the Appropriation Committee and Budget Office is the ending fund balance.

**{Tape : 1; Side : B; Approx. Time Counter : 16.8}**

**Motion/Vote:** **SEN. COBB** moved **TO ADOPT DP 118, APPROPRIATION FOR FOSTER CARE RATE INCREASE. Motion carried unanimously.**

**{Tape : 1; Side : B; Approx. Time Counter : 17.2}**

**Motion/Vote:** **SEN. COBB** moved **TO ADOPT DP 122, APPROPRIATION FOR THE SUBSIDIZED ADOPTION RATE INCREASE. Motion carried unanimously.**

**{Tape : 1; Side : B; Approx. Time Counter : 17.5}**

**Motion/Vote:** **SEN. COBB** moved **TO ADOPT DP 123, APPROPRIATION FOR FOSTER CARE FACILITIES RATE INCREASE. Motion carried unanimously.**

**{Tape : 1; Side : B; Approx. Time Counter : 18.5}**

**Motion:** **SEN. COBB** moved **TO ADOPT DP 139, APPROPRIATION FOR CHILD PROTECTIVE SERVICES, 5.25 FTE THE FIRST YEAR OF THE BIENNIUM, AND 6 FTE THE SECOND YEAR OF THE BIENNIUM.**

**Discussion:** **SEN. WATERMAN** and **REP. JAYNE** asked **Mr. Hunter** to go over the specifics of the budget reduction in Child Protective Services. **Mr. Hunter** explained that the Resource Worker and CAPS support services have been taken out, and the visitation and in-home services have been drastically reduced. However, there would be adequate funding to do 300 more family group conferences each year and up to \$280,000 of additional in-home services. What remains in the budget is centralized intake, some in-home services, and funding for family group conferences.

**REP. JAYNE** asked if the Division would be able to meet the legal requirements mandated by code with the funding request. **Mr.**

**Hunter** said that the Division is meeting the time requirements, but the service requirements, and reasonable effort requirements may prove to be a problem. **Mr. Hunter** expressed the opinion that when the state has a review under the Safe Families Act in 2002, the federal government will tell the state that there need to be improvements. He expects that the Department will be told to beef up the services provided to the families at imminent risk, and he expects that there will be criticism of the timeliness in which the court system responds to cases.

*{Tape : 1; Side : B; Approx. Time Counter : 26.4}*

**REP. JAYNE**, on hearing testimony and looking at the code, does not believe that the state would be meeting its legal obligation as in statute at the current funding status or the funding in the motion.

**CHAIRMAN LEWIS** asked for a roll call vote.

**Substitute Motion/Vote:** **REP. JAYNE** made a substitute motion **TO INCREASE THE APPROPRIATION IN DP 139 TO \$4.5 MILLION IN TOTAL FUNDS OVER THE NEXT BIENNIUM**. Substitute motion failed 2-4 with Jayne and Waterman voting aye.

*{Tape : 1; Side : B; Approx. Time Counter : 31.7}*

**REP. JAYNE** commented that having removed the \$3.4 million from the request the Committee is not decreasing the obligation to the citizens of the state. She will vote against the motion as posed because she does not believe it is sufficient.

The Committee voted on the original motion made by **SEN. COBB**.

**Vote:** Motion carried with Jayne voting no.

*{Tape : 1; Side : B; Approx. Time Counter : 34.2}*

**Motion/Vote:** **SEN. COBB** moved **TO ADOPT DP 889, APPROPRIATION TO ADJUST TRIBAL CONTRACTS**. Motion carried unanimously.

**Ms. Gervais** commented that DP 893 is an item included in the Executive plan to address the supplemental. If the Committee acts now it will be taking action on a piece of the supplemental proposal. If the Committee votes no, general fund stays in the budget. In addition, a motion could be made to put Temporary Assistance for Needy Families (TANF) money into the budget. This item is a funding switch which reduces general funds, increases TANF, and decreases federal IV-E funds.

**Motion/Vote:** REP. LEWIS moved TO ADOPT DP 893 APPROPRIATION TO MAXIMIZE TANF FUNDING IN FOSTER CARE. Motion carried 4-2 with Cobb and Waterman voting no.

SEN. WATERMAN asked Mr. Hunter how he would utilize an extra \$500,000 in his budget.

*{Tape : 2; Side : A; Approx. Time Counter : .3}*

Mr. Hunter handed out a sheet with his priorities should he be given an increase to his budget EXHIBIT(jhh29a04). Item one requests a collaboration specialist to work with local communities to identify services provided to children and to leverage local expenditures with IV-E matching funds. The second request was in-home services and resource support for foster families. He suggested that any additional funds above funding needed for a collaboration specialist be apportioned to these two services at the ratio of 70% in-home and 30% family resource support. The third and final item requests support for Big Brothers- Big Sisters since he considers it to be a program with proven success of keeping children out of the system.

**Motion:** SEN. COBB moved TO APPROPRIATE \$50,000 PER YEAR IN GENERAL FUND , \$100,000 IN TOTAL FUND FOR THE BIENNIUM FOR THE COMMUNITY COLLABORATION SPECIALIST.

**Discussion:** Responding to a question from SEN. COBB regarding how much he would need for the collaboration specialist, Mr. Hunter said that the position would be funded with a 50/50 mix federal to state fund, \$50,000 in general fund, \$100,000 in total fund for the biennium. CHAIRMAN LEWIS asked why a position within the organization could not be freed up that would be worth \$1 to \$2 million in new IV-E funds at the local level unless he is given one more FTE. Mr. Hunter said that his division had tried over several years to implement this idea, but that they found that it would require someone dedicated full-time to go to communities to work out the accounting relationships. Another part of this is to monitor what is happening financially. States that have been successful with this have done so only by having complete and accurate accounting of how funds are being used. Mr. Hunter said that the Division has discussed this with local communities for several years, and, while they are excited by the concept, they do not offer up any of their resources to make this work.

**Substitute Motion:** SEN. KEENAN made a substitute motion TO REDUCE THE PROGRAM 9 BUDGET BY \$25,000 PER YEAR GENERAL FUND AND \$25,000

**PER YEAR IN FEDERAL FUNDS AND TRANSFER THE MONEY TO PROGRAM 3 FOR A COMMUNITY COLLABORATION SPECIALIST, ONE TIME ONLY, LINE ITEM AND INCLUDING BIENNIAL FEDERAL SPENDING AUTHORITY OF \$3 MILLION.**

**Discussion:** REP. JAYNE asked SEN. KEENAN where in Operations and Technology the money would come from. SEN. KEENAN said that the general fund budget in Operations and Technology is \$12 million per year so \$25,000 would be a small percentage of that.

**{Tape : 2; Side : A; Approx. Time Counter : 14.8}**

**Vote:** Motion carried unanimously.

**Motion:** SEN. COBB moved A BIENNIAL APPROPRIATION OF \$1 MILLION GENERAL FUND PLUS FEDERAL MATCHING FUNDS FOR IN-HOME SERVICES AND FOSTER CARE SUPPORT.

**Discussion:** CHAIRMAN LEWIS said that he would have to vote no since the Division was just given \$3 million in additional new IV-E money to put into the programs at the local level. SEN. COBB asked if IV-E could be used for all the children. Mr. Hunter said that IV-E could be used for the children who are in a foster home when they are eligible, about 50% of the population, but not for all children.

**{Tape : 4; Side : A; Approx. Time Counter : 18.5}**

CHAIRMAN LEWIS asked for a roll call vote.

**Vote:** Motion failed 3-3 with Clark, Keenan, and Lewis voting no.

**{Tape : 4; Side : A; Approx. Time Counter : 19}**

**Motion:** SEN. COBB moved A BIENNIAL APPROPRIATION OF \$400,000 GENERAL FUND PLUS FEDERAL MATCHING ADDITIONAL FUNDS FOR IN-HOME SERVICES AND FOSTER CARE SUPPORT.

**{Tape : 4; Side : A; Approx. Time Counter : 19.4}**

CHAIRMAN LEWIS called for a roll call vote.

**Vote:** Motion failed 3-3 with Clark, Keenan, and Lewis voting no.

SEN. COBB asked if it would be better to give some divisions a biennial budget for flexibility. Gail Gray, Department of Health and Human Services, said that the Department would bring back a list of the areas for which it would like biennial appropriations. CHAIRMAN LEWIS expressed concerns about the possibility of biennial budgets causing a beefing up in the base year. SEN. COBB said that he thought that maybe the good managers should be rewarded in this. CHAIRMAN LEWIS said that it is worth looking at, but that the participants should be looked at carefully.



**REP. JAYNE** queried why so successful a program as Big Brothers Big Sisters was not given an increase and asked if Governor Martz had seen the request. **Ms. Welsh** said that this did not make it into the budget request and was cut before it went to Governor Martz.

**{Tape : 2; Side : A; Approx. Time Counter : 24.5}**

**Motion:** SEN. WATERMAN moved TO APPROPRIATE \$25,000 FOR THE BIENNIUM FOR BIG BROTHERS AND BIG SISTERS.

**Discussion:** SEN. KEENAN asked if the money was going to kids or administration. **Mr. Hunter** said that the money would go to place 600-700 kids with mentors. SEN. KEENAN said that if the money was going to administration not for the kids, he would have a problem with it. **Theresa Jeremiah-Chart, Executive Director for the Big Brother/Big Sister program in Helena**, explained that most of the money goes into recruiting volunteers, screening to provide qualified long-term matches, as well as supervising and evaluating matches. Some of the money does go to sponsor group activities and to provide for Christmas for families of children, but most goes to provide qualified mentors for children. In 2000, the organization served 3,000 children. SEN. KEENAN asked what the \$25,000 would do. **Ms. Teresa Geremia-Chart** said that it would provide funding for more matches and an expansion into more schools and more regions of the state. **REP. JAYNE** commented that she supports the increase since it is a program with proven success and would be a good investment.

**Substitute Motion:** SEN. KEENAN made a substitute motion TO INCREASE THE APPROPRIATION FOR BIG BROTHERS BIG SISTERS BY \$25,000 PER YEAR, ONE TIME ONLY, MOVING GENERAL FUND FROM PROGRAM 09 TO PROGRAM 03.

**Discussion:** SEN. WATERMAN commented that this is a program with proven success. The money used to find appropriate mentors for the children is well spent since it screens out potential predators. Also, many of these children have experienced significant loss and require the friendship of someone over a long period of time so the screening program finds volunteers who will be stick with it.

**Vote:** Motion carried unanimously.

**{Tape : 2; Side : A; Approx. Time Counter : 43.5}**

**Mr. Hunter** expressed his appreciation for the support of the Committee and the positive message that it will send to his staff.

**Ms. Gervais** handed out updated tables **EXHIBIT(jhh29a05)** **EXHIBIT(jhh29a06)** **EXHIBIT(jhh29a07)** and information from the Department on the Maintenance of Effort **EXHIBIT(jhh29a08)** and the TANF Block Grant **EXHIBIT(jhh29a09)**.

*{Tape : 2; Side : B; Approx. Time Counter : .1-15.2}*

**Hank Hudson, Administrator of Human and Community Services Division**, began the overview of the division **EXHIBIT(jhh29a10)**. He stated that the past five years have been good years for the public assistance programs. Montana entered into Welfare reform with a clear direction, adequate and flexible resources, motivated staff, and motivated clients and has had a very good start on welfare reform.

**SEN. WATERMAN** requested the staffing numbers for offices by county and caseload for 1996 and 2000. **Mr. Hudson** said that he will get that information.

**Mr. Hudson** reviewed the proposed 15% reduction plan. The 15% cut was allocated across all three bureaus within the Division based on their proportionate share of general fund. He reminded the Committee that there is no general fund money in this division that does not draw down federal money, so any reduction in general fund has a commensurate reduction in federal funds.

In discussion with Committee members, **Mr. Hudson** said that the elimination of the food programs will have an impact on the bond taken out for the construction of the warehouse. He also said that he had not notified the tribes of the possible elimination of the program, but would after Committee action. He said that tribes had occasionally shown interest in operating their own food bank programs, but the USDA had not encouraged it. The 15% reduction mandate covers both state and federal funds.

**Mr. Hudson** went over impacts that the cuts would have on other programs as well. In the Public Assistance Bureau the only general fund is in TANF maintenance of effort (MOE), reducing MOE will cause automatic penalties from the federal government. The penalties are reflected in the \$1 million TANF reduction.

The last reduction is in the Child Care Development Fund (CCDF) block grant which would reduce subsidy services to about 3,000 children. The Child Care Development grant is largely used to pay for child care for low-income families.

*{Tape : 2; Side : B; Approx. Time Counter : 15.3}*

**REP. JAYNE** asked what impact the reduction would have on food banks. **Mr. Hudson** said that they would not receive their

shipments of food and would have to generate the remaining half of the food in their food banks through food drives and fund raisers.

**SEN. COBB** asked why there were no staff reductions. **Mr. Hudson** said that Division staff is made up primarily field staff. They are eligibility workers who process applications and do case management.

**Mr. Hudson** began the overview of his Division (Exhibit 10). He went over the purpose of the Division, its goals, and strengths. He then introduced his staff:

Jim Nolan, Intergovernmental Human Services Bureau Chief  
Linda Fillinger, Early Childhood Services Bureau Chief  
Karlene Grossberg, Public Assistance Bureau Chief.

*{Tape : 2; Side : B; Approx. Time Counter : 37.5-45.7}*

**Ms. Fillinger** and **Mr. Hudson** went over some of the particular programs that the Division funds.

*{Tape : 2; Side : B; Approx. Time Counter : 45.7-49}*

**SEN. WATERMAN** asked if the Division is utilizing all of the child care block grant money that it can in the budget or is it turning some back. Another issue of concern is eligibility and the fact that fluctuations in hours causes people to lose eligibility and makes it difficult for them to find child care providers.

*{Tape : 3; Side : A; Approx. Time Counter : 0.1-8.9}*

**Mr. Hudson** explained that some policy changes were made. Child care is provided for people in the FAIM program and employed people. The Division tries to provide six months of stability in eligibility and the amount of co-payment. Additionally, revised policy now provides one month of continued eligibility beyond the loss of a job.

**Ms. Fillinger** said that families report any changes that affect eligibility within 10 days of occurrence, otherwise families report six months when they re-certify.

The funding for the child care program is a complicated mix of three different funding streams. There is mandatory match, discretionary money, MOE for two of the funding streams, and the third funding stream is a matching fund matched at the Medicaid rate. The Division is not planning to draw down all the federal match in child care. It is \$1.76 million short in general fund for the biennium and will forego \$4.6 million in matching fund. The Division will forego the federal match because there were other higher priorities for general fund within the Department.

**{Tape : 3; Side : A; Approx. Time Counter : 9-37}**

In the continued discussion of his overview (Exhibit 10), **Mr. Hudson** went over the specific aspects of the TANF block grant analysis and the TANF maintenance of effort. There was general discussion over the specific proposals on the sheets.

**{Tape : 3; Side : A; Approx. Time Counter : 37-48}**

**Mr. Hudson** then went over the FAIM Phase II program and key components of the program. He explained the public meetings process and how that had improved the program.

**{Tape : 3; Side : B; Approx. Time Counter : 1.1-11.5}**

In response to questions from **REP. JAYNE**, **Mr. Hudson** explained the sanction policy to Committee members. Sanctions are imposed if there is a failure to follow the agreement outlined in the family investment agreement. Sanctions are a requirement of federal law. **Mr. Hudson** went over the recommended changes that the Division plans to implement.

**SEN. WATERMAN** requested the rules that implement the asset test. **CHAIRMAN LEWIS** asked what the impact of elimination of the asset test would be. **Mr. Hudson** said that the bottom line for removal of the asset test in the children's programs is about \$1 million. Originally, there was a Children's Health Insurance Program (CHIP) savings to offset the cost of elimination of the asset. Because CHIP is full, the Division is not projecting any CHIP savings to offset the cost of eliminating the asset test.

**{Tape : 3; Side : B; Approx. Time Counter : 11.6-32.9}**

**Mr. Hudson** went over the ABT study, a largely federally funded study of the FAIM program in Montana. The people who were interviewed for the report were selected randomly from those who had been FAIM participants.

FAIM participants and those who were once on FAIM are working, but 62% of those people make under \$6 per hour and half make less than \$5.25. **SEN. COBB** asked if there is a breakdown of the jobs that these people are going to. **Mr. Hudson** said that the service industry and health care industry combined employ 75% of FAIM participants. **SEN. COBB** said that he wants the information because if the direct care employee salaries are raised it will take less in subsidies to help them by directly funding them, and maybe it would be cheaper to raise salaries than doing subsidies on the side, then the Department could spend money on other areas. **Mr. Hudson** said that when the Department raises salaries of direct care workers in health care facilities, it makes a difference to FAIM clients because the largest employer of those leaving FAIM are health care businesses.

**Mr. Hudson** said that the Division has worked closely with **Joe Mathews** and **Dan Anderson** because they were having difficulty recruiting personal care nursing and mental health aides. The Division implemented a specific program to train FAIM people to take those state jobs that are better paying. Continuing with the ABT study, **Mr. Hudson** went over the welfare statistics, noting that most people on welfare do not receive Medicaid. He said that the Division needs to do more to inform people that are in the program of the services that exist.

**SEN. WATERMAN** asked if a reason that people may not be applying for the other programs was the complexity of the application.

**Mr. Hudson** said that he would bring the questionnaire tomorrow and that he would have to study it more to determine why people are not applying for the other programs. There was discussion on different methods of getting the information out to people.

*{Tape : 4; Side : A; Approx. Time Counter : .1-11.2}*

The Division is proud that people are getting GED's and training rather than just being put into low paying jobs. He finished up his presentation discussing the support network for those that are trying to rise out of poverty.

**Mr. Hudson** went through the assumed and nonassumed county issues. Counties that are assumed turn 9 mills over to the state; nonassumed counties turn property taxes equal to a portion of actual costs. Over the years, the inability of the counties to levy an adequate amount of money to keep up with the costs and the unpredictability of how much revenue will come in has caused the deterioration of funding for the welfare system. HB 124 replaces all county funding for welfare and foster care services with general fund. If HB 124 does not pass, the alternative resolution is SB 339. This bill freezes county contributions at the average of 1995-1999 or 2000, whichever is lower and removes all disputed and unpaid obligations from past years for welfare costs. It could require \$3.2 million in general fund for the 2003 biennium.

The second issue that has been a problem with counties is a fear that the county commissioners would be cut out of the process. With assistance from Montana Association of Counties (MACo), the Division has proposed language in SB 339 and HB 101, which clarifies the continued involvement of county commissioners in the hiring of key staff and the development of local operating plans for welfare.

**ADJOURNMENT**

Adjournment: 11:50 P.M.

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REP. DAVE LEWIS, Chairman

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SYDNEY TABER, Secretary

DL/ST

**EXHIBIT** (jhh29aad)